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*The Life Assurance Controversy.**

IT was hardly to be expected but that an attempt to demonstrate the inconveniences arising from daily increasing competition in the business of life assurance should meet with resistance and reprobation. The large number of persons interested in novel undertakings of the character in question would naturally feel themselves aggrieved at statements which went to prove that such undertakings were mischievous because they could not be successful, and which sought to demonstrate their hopelessness of success by an exposé of their actual condition; on the other hand, it is not much to be wondered at, that minds familiar only with a state of affairs so wholly different should regard with anxiety and alarm a succession of enterprises threatening not merely to encroach on their own field of operation, but, by a series of failures, to bring all alike into general suspicion and discredit. As in most other controversies, much allowance is to be made on either side. The interests of the two parties are probably not altogether antagonistic, but they can scarcely fail to come into serious collision unless placed under more carefully devised regulations than at present exist.

*“Life Assurance: its schemes, its difficulties, and its abuses.” “Letter to the Right Hon. Joseph W. Henley, M.P., President of the Board of Trade, regarding Life Assurance Institutions, &c. By Robert Christie, Esq., Edinburgh, Fellow of the Institute of Actuaries and Manager of the Scottish Equitable Life Assurance Society.”—“Remarks on the above. By an Official of a Registered Company under the Joint Stock Act.”—“On the Present Position of the Life Assurance Interests of Great Britain: a Letter to the Right Hon. Joseph W. Henley, M.P., President of the Board of Trade. By William Thos. Thomson, F.R.S.E., Manager of the Standard Life Assurance Company and of the Colonial Life Assurance Company, and one of the Vice-Presidents of the Institute of Actuaries.”—“Further Suggestions with reference to the Amendment of the Joint Stock Companies Registration Act, as regards Life Assurance Institutions: contained in a Letter addressed to Francis Whitmarsh, Esq., Registrar of Joint Stock Companies. By the same Author.”—“Actuarial Figments Exploded: a Letter to the Right Hon. J. W. Henley, M.P., President of the Board of Trade, in Defence of the Life Assurance Offices registered under 7 & 8 Vic., cap. 110. By Alexander Colvin, Actuary to the United Mutual Life Assurance Society.”—“A Few Lines to the Managers of the Life Insurance Societies of the United Kingdom, suggesting a Remedy for the Doubts and Difficulties attendant upon the business of Life Assurance. By J. A. Beaumont, Esq., Managing Director of the Provident Life Office.”—“Conspiracy Detected: in a Letter to the Right Hon. J. W. Henley, M.P., President of the Board of Trade, in Refutation of certain Statements published by Robert Christie, Esq., and others, on the subject of Life Assurance. By B. H. Strousberg, Consulting Actuary.”—“Letter to the Right Hon. Benjamin D’Israeli, M.P., in Reply to several anonymous Articles and Letters in the *Times* and *Morning Chronicle*. By W. Swiney, A.I.A.”—“Letter to the Right Hon. the Chancellor of the Exchequer, on Life Assurance Companies’ Receipts and Expenditure. By John Grinstead.”—“A Letter to the Right Hon. E. Cardwell, M.P., President of the Board of Trade, on the inoperative character of the Joint Stock Companies Registration Act, as a means of preventing the formation of Bubble Assurance Companies, or of regulating the action of those honourably and legitimately instituted. By J. Hooper Hartnoll, Proprietor and Editor of the *Post Magazine*.”—Articles and correspondence in the *Post Magazine* and *Morning Chronicle*, passim.

It is perhaps to be regretted, but it will scarcely be denied, that the establishment and good conduct of an Assurance Company must at the present day be attended with considerable expense. Actuarial, legal, and medical knowledge, of even mediocre character, cannot be had but at much cost. An influential Board is very important, and an establishment of some pretension is all but essential. Experience has pretty well proved that these and all the other minor adjuncts of a respectable society can scarcely be got together and maintained at a less charge than three thousand pounds per annum, so that the income from annual premiums must be at least thirty thousand pounds per annum before the annual charge can be reduced to ten per cent.—a sufficiently heavy deduction, it will be admitted.

Now if we suppose that the average premium paid by each person is ten pounds, a society having the income above stated would consist of 3000 persons, and hence 200 such societies would comprehend 600,000 members: but it has been shown by Mr. Edwin Farren and others that the number of lives assurable at any one period in this country, of the class likely to effect assurances of such amount, is if anything less than this; and if such be the case, and if the average premium have been assumed correctly, we obviously arrive at the conclusion that the number of societies cannot much exceed 200, or the average annual expense of life assurance must be greater than ten per cent. on the premiums paid. Without pretending to rigid accuracy in these assumptions, we would submit that they are not far from the truth, and that they are very much confirmed by the extreme difficulty universally felt at the present time in very materially increasing the number of the assured, due allowance of course being made for such as merely supply the annual decrement naturally occurring amongst them.

It is possible that hereafter a class of persons may be induced to resort to Insurance Companies which now contents itself with such means as Friendly Societies afford: but at the present day very little disposition is shown by them to make the desired change; and it is clear that unless large numbers can be induced to make it, the support given by their means to the Insurance Companies must be quite insignificant. The only other means which occur to us of alleviating the pressure, is a reduction in the expenses of these establishments; but this, as we have said, is hardly to be effected. There is perhaps one item which is now needlessly expensive, whatever it may have been formerly. The influence which a Board of Directors could exercise years ago is, in a great measure, destroyed

by the keenness of the present competition, and more energetic measures are now necessary than they can be expected individually to bring into play. Hence their functions, all important at an earlier period, have to a certain extent become obsolete; and the heavy expense usually incurred on this head might, we think, be judiciously lessened. As, however, it would be necessary in such a case to secure the services of a very competent managing actuary, and also to establish a more efficient system of audit than is now usually adopted, evidently but a small saving could be effected in this way.

From the foregoing considerations it is clear that the interests of the existing Companies, no less than those of the public, imperatively demand some check to the formation of additional ones; and none appears to be more reasonable and proper than the insisting on a capital of sufficient amount being paid up before license be given for commencing business. This is one of the stipulations made with reference to Joint Stock Banks; and surely it is quite as necessary in the case of Assurance Companies, whose bills are payable at a much longer date than those which Banks are accustomed to deal in. The proposition that the accounts should be made out in a certain form, is, we think, upon the whole not a wise one. The same thing was attempted for the Banks, and was, after consideration, rejected—Sir Robert Peel himself observing on the impossibility of arranging any form which would ensure a statement free from obscurity, intentional or otherwise, and which would necessarily exhibit the state of affairs in an entirely satisfactory manner. Powers might perhaps be given to the Board of Trade to require from the Companies any particulars which they might consider essential for elucidating the statements put forth by them, but the expediency of this is doubtful. Probably no better course can be taken than to leave this part of the business to the Companies themselves: their own interest will lead them all to publish their accounts fully and clearly so soon as the public begins to show more decidedly its preference of such Offices as make it their practice to do so.

There is, however, one other measure which we cannot help thinking would very materially tend to bring about a more wholesome state of things in the assurance world than we can now boast of. At the present time, any individual, let him be ever so incompetent, may assume the name of actuary and commence practising as one, without any restriction whatever; and hence a dangerous facility is afforded for the formation of crude and ill-devised schemes

of assurance. This, at all events, should be prevented, and might very readily be, if the Government would entertain and carry out such a bill as the one for regulating the profession of an actuary, published in the first Number of this Magazine. If, however, that be considered of too stringent a character, let a legal registry be made of the persons now calling themselves actuaries, and let it be declared penal for anyone not so registered to act in that capacity. The Institute has done its best, by its lectures and examinations, to provide in future a better class of functionaries of this description than have hitherto been readily to be met with. Let the Government, if it will not give that body the requisite powers, provide similar means, and insist upon a satisfactory certificate or certificates from competent professors as the condition of future enrolment on their register. Were such means as these adopted, the public would be greatly protected from the evil consequences they are now exposed to by the continual efforts of ignorant projectors, and might fairly have confidence in the ability and integrity of those with whom they would, under such circumstances, have ultimately to deal; we say ultimately, because of course some persons must, in the first instance, be placed upon the register whose fitness for such a position may possibly be questioned, and hence the proposed measure would not have immediately all the effect to be desired. This, however, is an evil quite unavoidable, and one which must evidently be endured, or the present state of things allowed to continue, in which case the profession must abandon the hope of any very material elevation in its status, and one great means at least be lost of remedying the disorder in assurance matters so universally complained of.—ED. A. M.
